

VAN BUREN COUNTY, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2006

VAN BUREN COUNTY, IOWA

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VAN BUREN COUNTY, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary J. Adam	Board of Supervisors	January 2007
William Randolph	Board of Supervisors	January 2007
Marvin S. Philips	Board of Supervisors	January 2009
Jon P. Finney	County Auditor	January 2009
Becky L. Fry	County Treasurer	January 2007
Glenice Graber	County Recorder	January 2007
Ronald D. Parker	County Sheriff	January 2009
H. Craig Miller	County Attorney	January 2007
Dixie Sanders	County Assessor	January 2010



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge"

Kenneth E. Crosser, CPA
April D. Hammack, CPA
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)
Joseph C. Larkin, CPA (1960-1990)

INDEPENDENT AUDITOR'S REPORT

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Van Buren County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

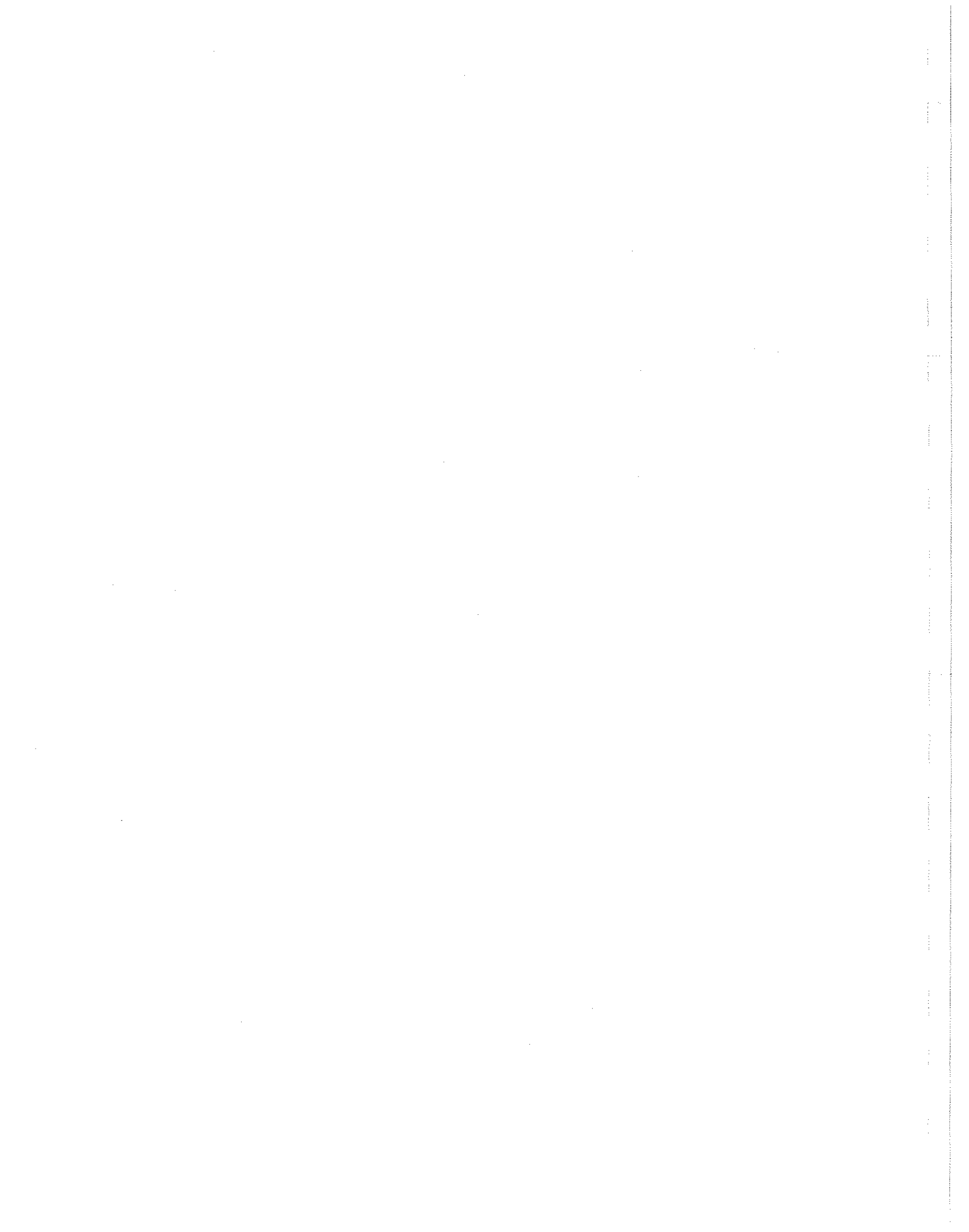
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa at June 30, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2006 on our consideration of Van Buren County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 27 through 29 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information



included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ottumwa, Iowa
September 28, 2006

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren County, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- The County's Governmental funds' revenues increased \$29,260 from fiscal 2005 to fiscal 2006. Property taxes and other county tax decreased \$39,113.
- The County's Governmental funds' expenditures increased a total of \$1,052,398 from fiscal year 2005. Roads and transportation and capital projects expenditures made up the largest increases by \$457,932 and \$360,544, respectively.
- The County's net assets increased 3.5%, or \$450,545 from June 30, 2005 to June 30, 2006.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

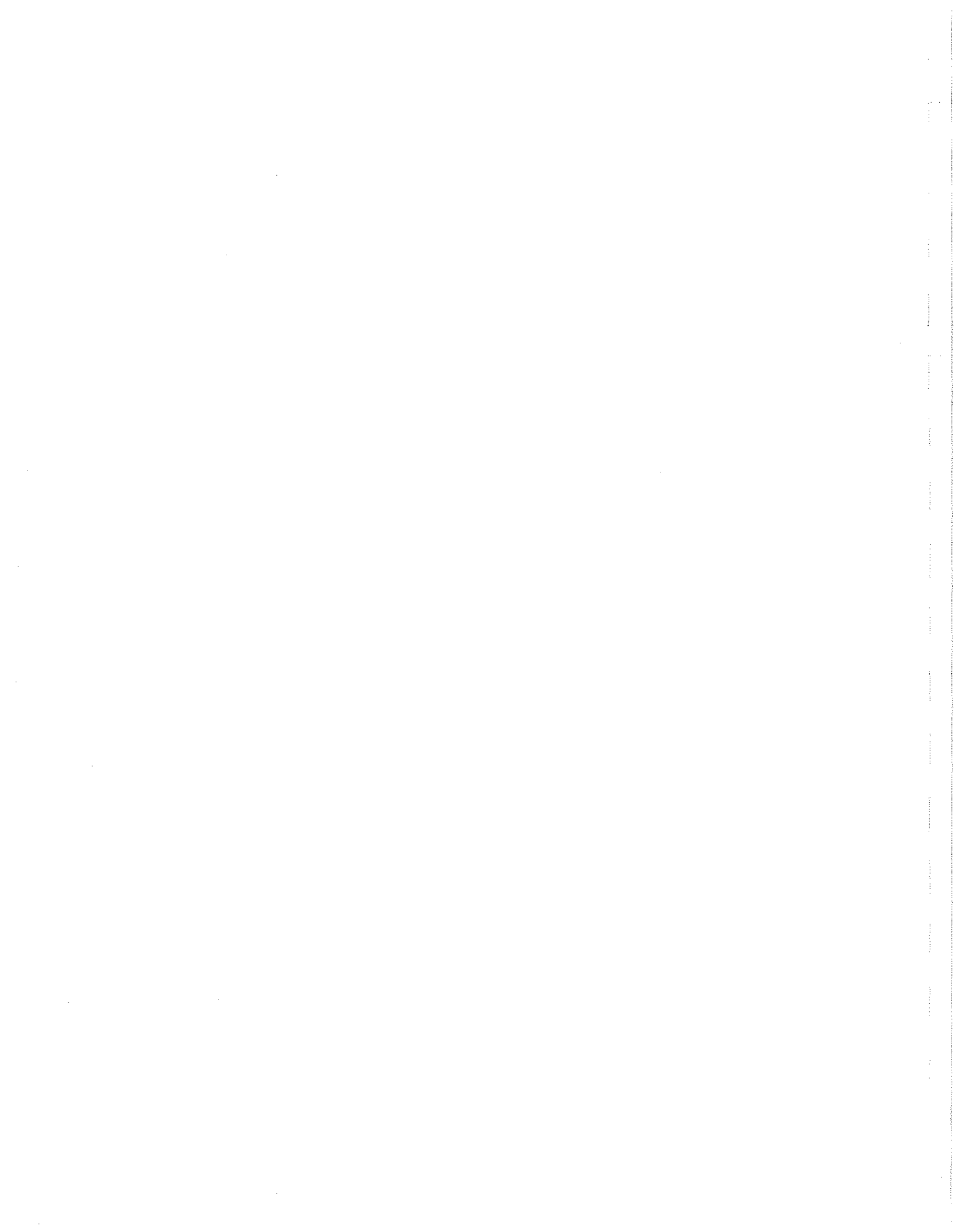
The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Van Buren County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Van Buren County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Van Buren County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds.



REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include:

1. The General Fund,
2. The Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads,

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Van Buren County's combined net assets increased from \$13,018,386 to \$13,468,931. The analysis that follows focuses on the changes in the net assets for governmental activities.

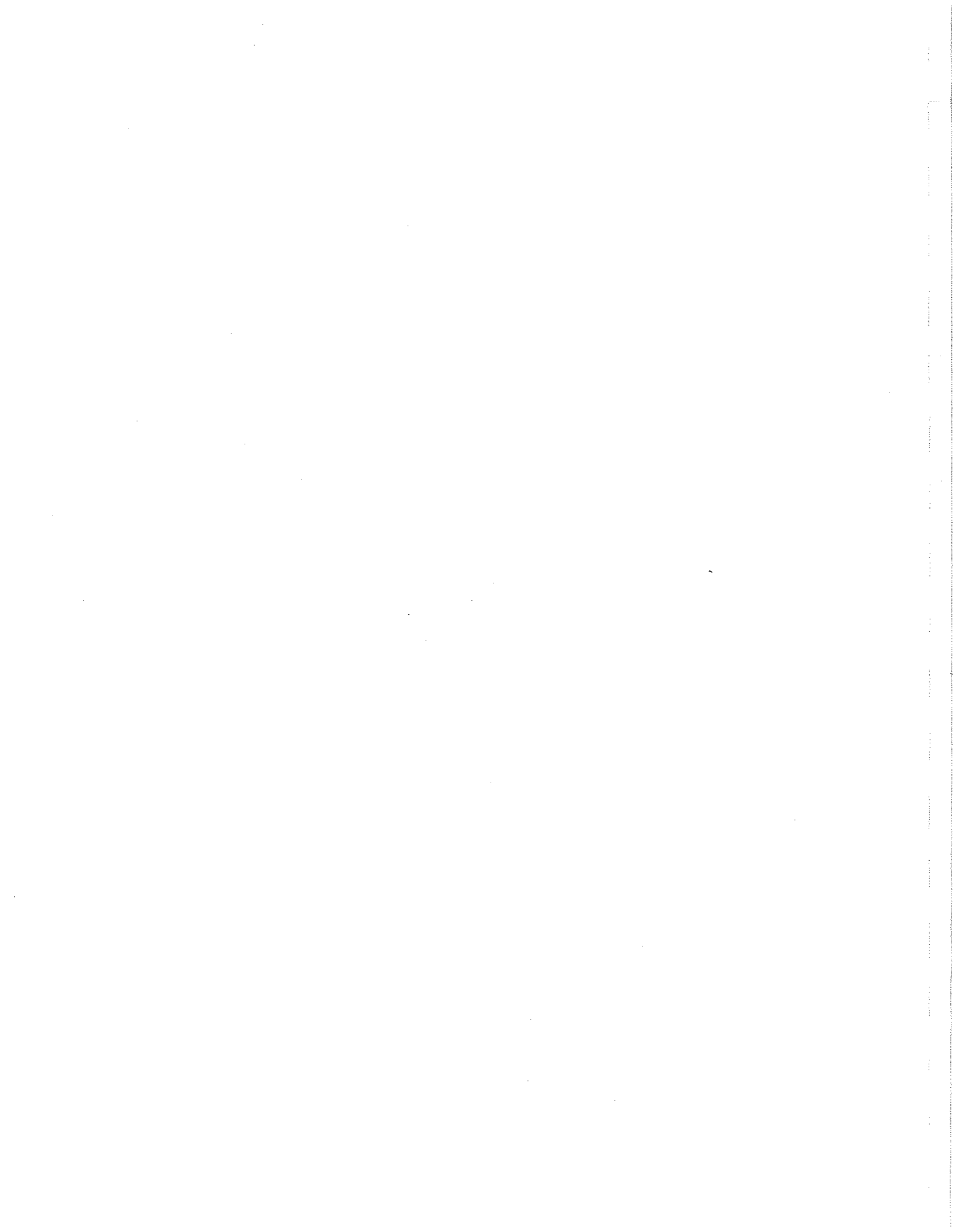
Net Assets of Governmental Activities

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Current and other assets	\$ 5,521,764	\$ 5,601,490
Capital assets	<u>10,651,085</u>	<u>9,965,568</u>
Total assets	<u>16,172,849</u>	<u>15,567,058</u>
Long-term liabilities	255,000	395,719
Other liabilities	<u>2,448,918</u>	<u>2,152,953</u>
Total liabilities	<u>2,703,918</u>	<u>2,548,672</u>
Net assets:		
Invested in capital assets, net of related debt	10,651,085	9,965,568
Restricted	2,456,060	2,570,253
Unrestricted	<u>361,786</u>	<u>482,565</u>
Total net assets	\$ <u>13,468,931</u>	\$ <u>13,018,386</u>

Net assets of Van Buren County's governmental activities increased by \$450,545 (\$13,468,931 compared to \$13,018,386). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) decreased from \$482,565 at June 30, 2005 to \$361,786 at June 30, 2006, a decrease of 25%.

Changes in Net Assets of Governmental Activities

	<u>Year ended June 30, 2006</u>	<u>Year ended June 30, 2005</u>
Revenues:		
Program revenues:		
Charges for service	\$ 389,194	\$ 330,514
Operating grants, contributions and restricted interest	3,118,218	3,648,272
Capital grants, contributions and restricted interest	878,164	298,320
General revenues:		
Property and other County tax	1,332,297	954,151
Penalty and interest on property tax	26,951	30,226
State tax credits	144,749	104,264
Local option sales tax	218,229	257,233
Grants and contributions not restricted to specific purposes	-	2,379
Unrestricted investment earnings	81,032	72,020
Other general revenues	<u>127,029</u>	<u>150,630</u>
Total revenues	<u>6,315,863</u>	<u>5,848,009</u>



Program expenses:		
Public safety and legal services	907,664	903,694
Physical health and social services	405,691	359,167
Mental health	563,930	554,406
County environment and education	402,905	305,218
Roads and transportation	2,824,350	1,904,032
Governmental services to residents	269,629	290,890
Administration	488,461	501,958
Non-program	-	20,017
Capital projects	<u>2,688</u>	<u>-</u>
Total expenses	<u>5,865,318</u>	<u>4,839,382</u>
Increase in net assets	450,545	1,008,627
Net assets beginning of year, as restated	<u>13,018,386</u>	<u>12,009,759</u>
Net assets end of year	\$ <u>13,468,931</u>	\$ <u>13,018,386</u>

The County decreased property tax asking for the 2006FY by less than 1%. This decrease of \$2,344 followed the previous year's decrease of \$2,260 in property tax asking. The property tax asking for FY 2007 was set at \$1,975,056, an increase of \$101,647 from FY 2006.

INDIVIDUAL MAJOR FUND ANALYSIS

As Van Buren County completed the year, its governmental funds reported a combined fund balance of \$3,163,537, a decrease of \$265,944 compared to last year's total of \$3,429,481. The decrease in fund balance is primarily attributable to Secondary Road projects. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$2,318,170 and \$2,395,386, respectively. The ending fund balance showed a decline of \$72,960 from the prior year to \$894,090.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$556,242, an increase of 2.5% from the prior year. The Mental Health Fund balance at year end decreased by \$49,616 from the prior year.
- Secondary Roads Fund expenditures increased by \$784,129 over the prior year, due principally to the County's rock inventory and the recording of expenses related to farm to market projects. This increase in expenditures resulted in an decrease in the Secondary Roads Fund ending balance of \$100,764, or .6%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren County amended its budget two times. The first amendment was made on December 19, 2005 and resulted in an increase in budgeted disbursements related to pass thru grants for election equipment, emergency services grants, juvenile justice expenses and land improvements at the County-owned farm.

The second amendment was made on May 8, 2006. This amendment involved increasing expenditures for pass thru grants for the Keosauqua Loop Trail, the Des Moines River Trail and the Farmington ambulance.

Even with these amendments, the County underspent the original total budgeted amount of \$6,015,117 by \$604,045 for the year ended June 30, 2006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006 Van Buren County had \$10,651,085 invested in a broad range of capital assets (net of depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$685,517, or 6.9% over last year.

Capital Assets of Governmental Activities at Year End

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Land	\$ 1,179,587	\$ 1,179,587
Buildings and improvements	1,574,776	1,656,818
Equipment and vehicles	2,059,237	2,098,698
Infrastructure	<u>5,563,904</u>	<u>4,972,036</u>
Total	10,377,504	9,907,139
This year's major additions included:		
Construction in progress	<u>273,581</u>	<u>58,429</u>
Total	\$ <u>10,651,085</u>	\$ <u>9,965,568</u>

The County had depreciation expense of \$508,511 in FY06 and total accumulated depreciation of \$3,637,783 at June 30, 2006, compared to total accumulated depreciation of \$3,158,639 at June 30, 2005.

The County's fiscal year 2006 capital budget included \$399,723 for capital projects, principally for road and bridge improvements. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2006, Van Buren County had no general obligation bonds or other debt other than compensated absences and an estimated liability for landfill post closure care costs as shown below.

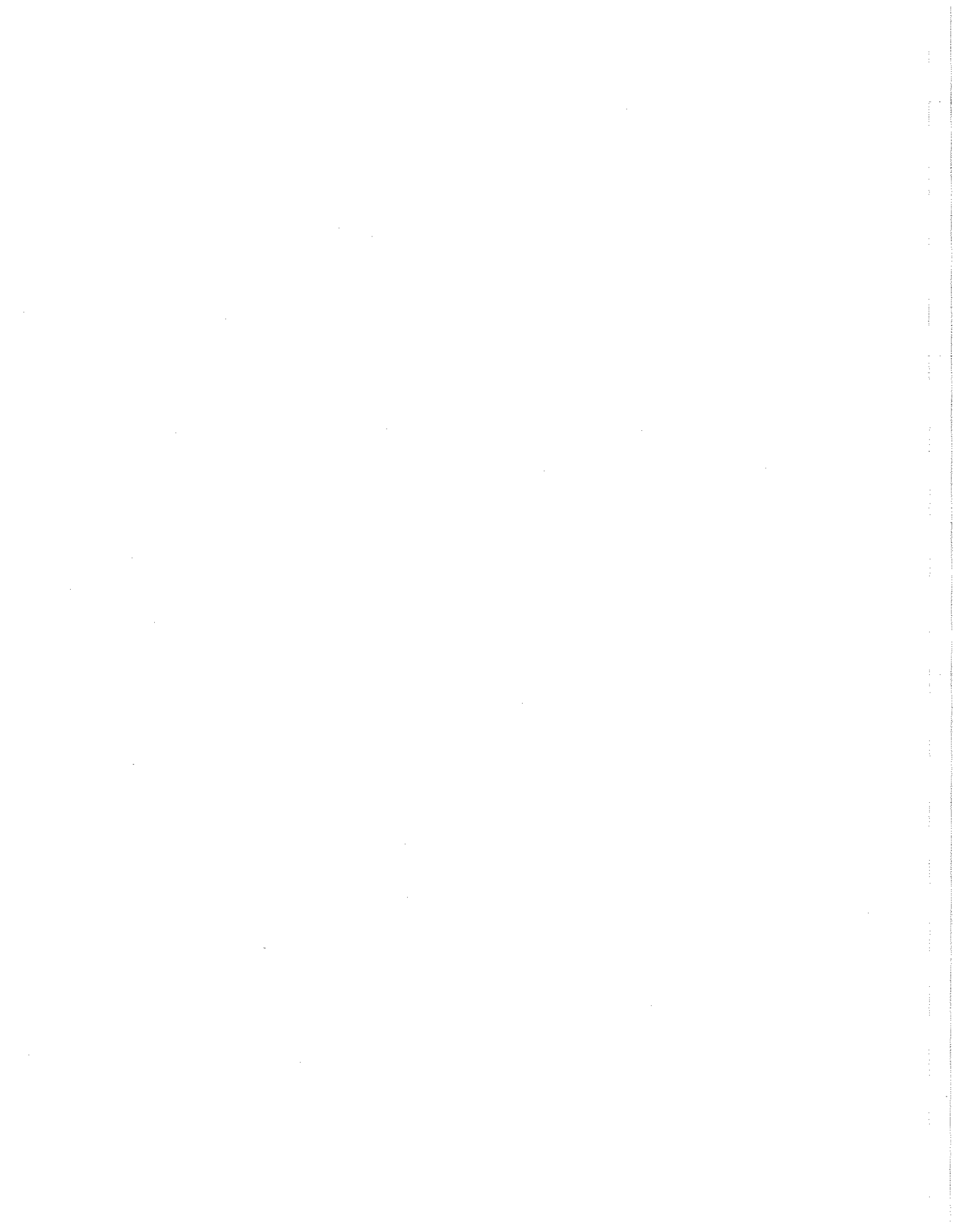
Outstanding Debt of Governmental Activities at Year-End

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Landfill postclosure costs	\$ 270,000	\$ 285,000
Compensated absences	<u>124,950</u>	<u>110,719</u>
Total	\$ <u>394,950</u>	\$ <u>395,719</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Van Buren County's constitutional debt limit for the FY 2006 is \$14,650,027. Compensated absences include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Van Buren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County's estimated population for 2005 shows a minimal decrease of 23, from the official 2000 census, after an increase of 124 from the official 1990 to 2000 census. Unemployment in the County now stands at 3.3% versus 4.6% a year ago. This compares with the State's unemployment rate of 3.0% and the national rate of 4.8%.



Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.4% for the 12 month period ending November, 2006 compared with the national rate of 3.9%. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2005-2006.

These indicators were taken into account when adopting the budget for FY 2007. Amounts available for appropriation in the operating budget are \$6,557,766, an increase of 2.7% from the final amended FY 2006 budget. The amount of revenue to support the above expenditures is projected to increase 2.7% from the final amended FY 2006 budget to \$5,930,615. Property taxes supporting the FY 2007 budget increased \$101,647 from the FY 2006 budget and makes up 31% of the revenue for the FY 2007 budgeted expenditures.

Increased wage and cost-of-living adjustments, health insurance costs, and capital projects represent the largest increases in the budget. The County has added no major new programs or initiatives to the 2007 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of the FY 2007 by \$627,151, leaving an overall reserve of approximately 25% of budgeted FY 2007 expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

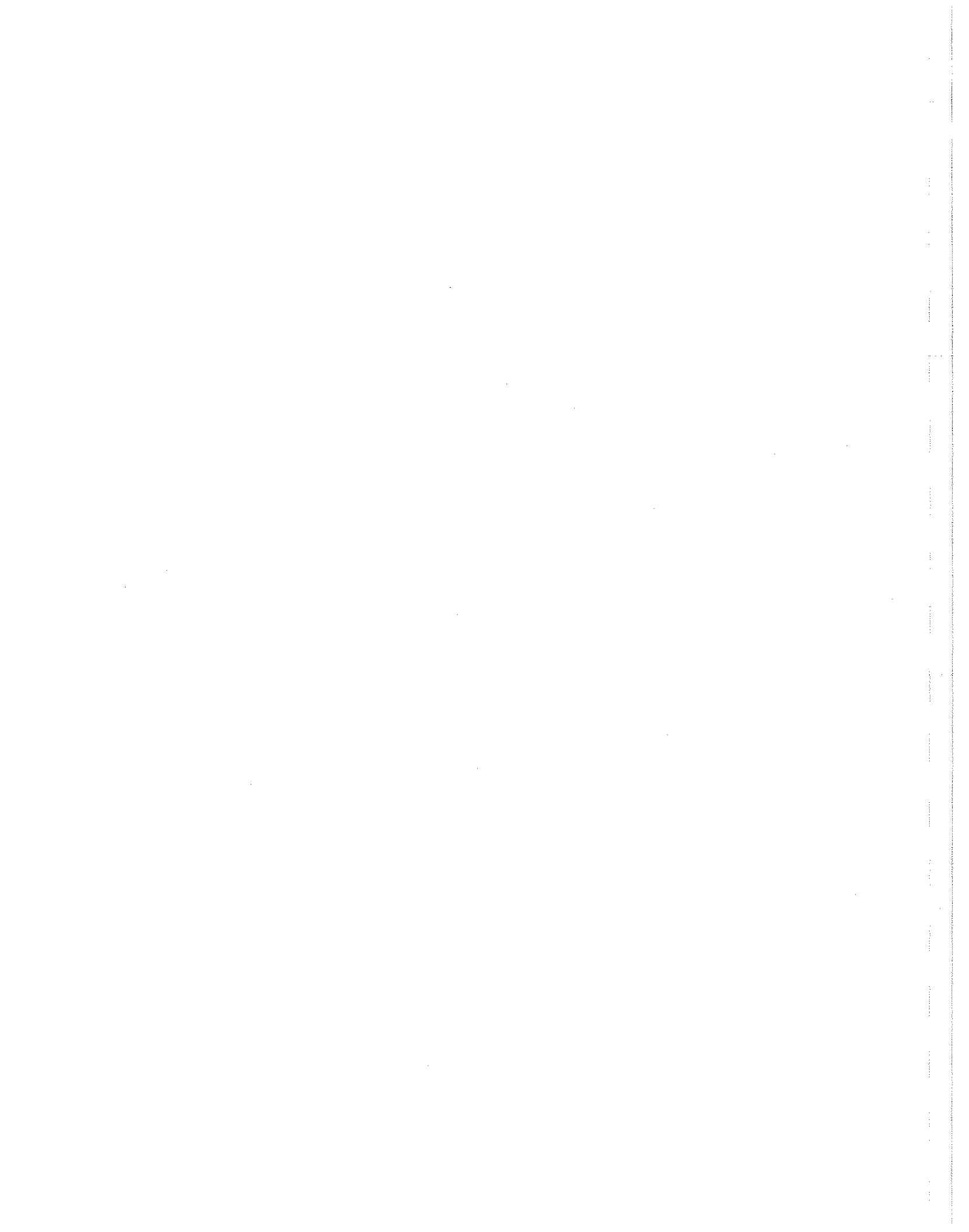
This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Van Buren County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Van Buren County Auditor's Office, 406 Dodge St., Keosauqua, Iowa.

VAN BUREN COUNTY, IOWA

STATEMENT OF NET ASSETS

JUNE 30, 2006

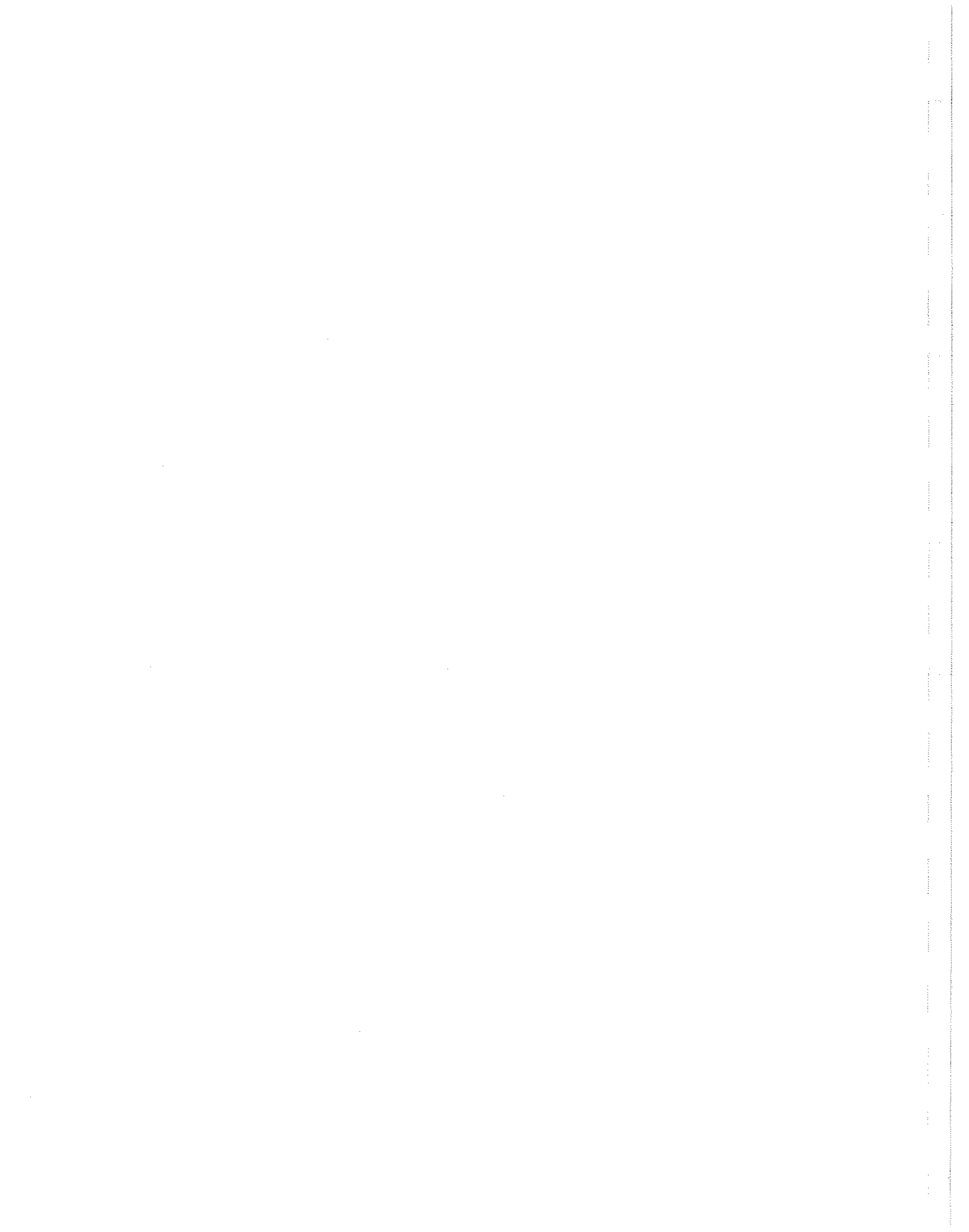
	Governmental Activities
ASSETS:	
Cash and pooled investments	\$ 2,393,203
Receivables:	
Property tax:	
Delinquent	49,518
Succeeding year	1,975,063
Accounts	20,907
Accrued interest	757
Due from other governments	319,312
Inventories	736,499
Prepaid expenses	26,505
Capital assets (net of accumulated depreciation)	10,651,085
TOTAL ASSETS	16,172,849
LIABILITIES:	
Accounts payable	200,703
Salaries and benefits payable	46,999
Due to other governments	86,203
Deferred revenue:	
Succeeding year property tax	1,975,063
Long-term liabilities:	
Portion due and payable within one year:	
Compensated absences	124,950
Estimated liability for landfill post closure	15,000
Portion due and payable after one year:	
Estimated liability for landfill post closure	255,000
TOTAL LIABILITIES	2,703,918
NET ASSETS:	
Invested in capital assets, net of related debt	10,651,085
Restricted for:	
Supplemental levy	186,613
Mental health	140,433
Rural services	142,277
Secondary roads	1,696,491
Other purposes	290,246
Unrestricted	361,786
TOTAL NET ASSETS	\$ 13,468,931



VAN BUREN COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

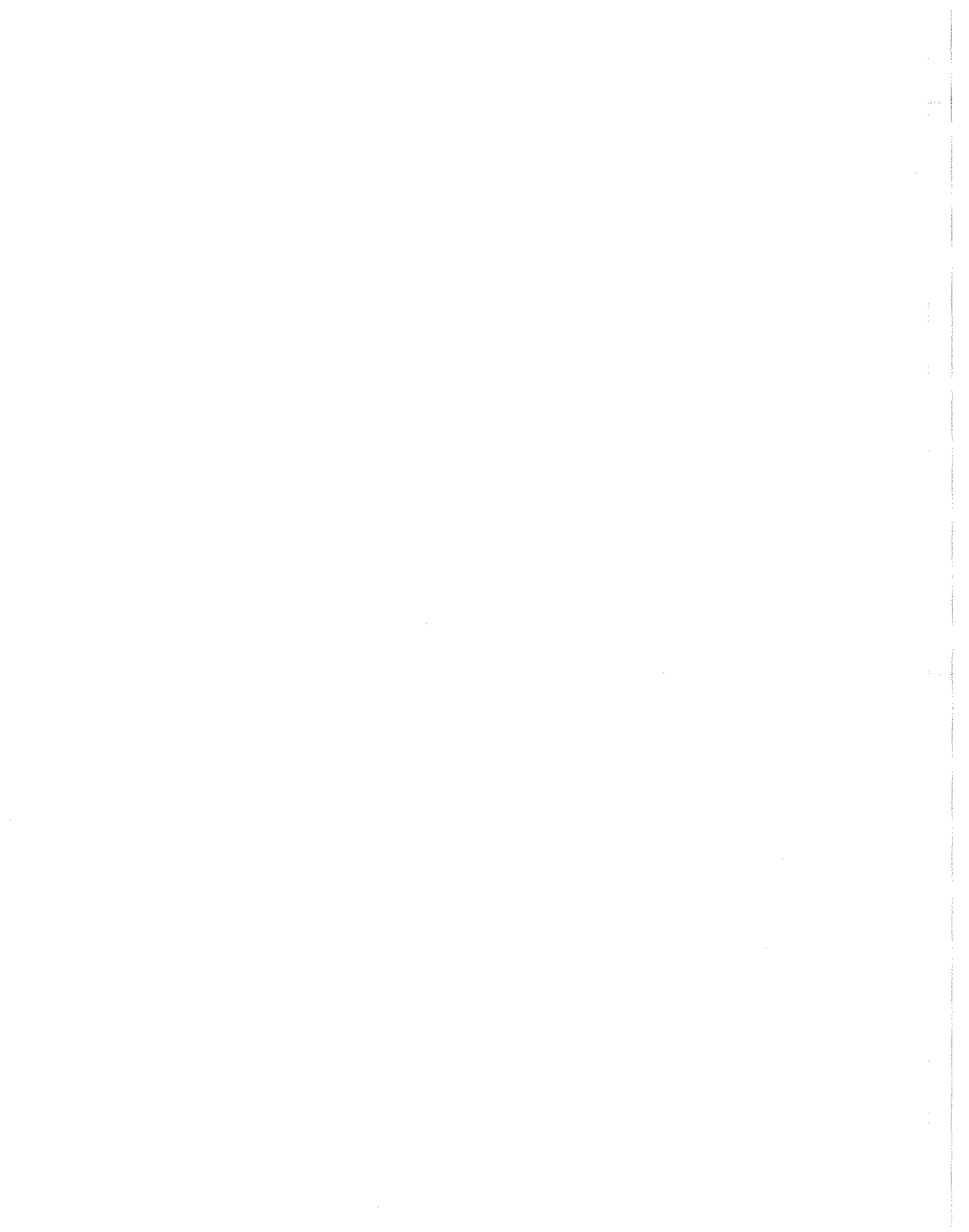
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 907,664	\$ 114,764	\$ 17,354	\$ -	\$ (775,546)
Physical health and social services	405,691	85,555	173,927	-	(146,209)
Mental health	563,930	-	490,069	-	(73,861)
County environment and education	402,905	90,234	372,417	-	59,746
Roads and transportation	2,824,350	840	2,053,579	783,714	13,783
Governmental services to residents	269,629	90,640	6,805	94,450	(77,734)
Administration	488,461	7,161	4,067	-	(477,233)
Capital projects	2,688	-	-	-	(2,688)
Total	\$ 5,865,318	\$ 389,194	\$ 3,118,218	\$ 878,164	(1,479,742)
General revenues:					
Property and other County tax levied for:					
General purposes					1,332,297
Penalty and interest on property tax					26,951
State tax credits					144,749
Local option sales tax					218,229
Unrestricted investment earnings					81,032
Miscellaneous					127,619
Loss on disposal of capital assets					(590)
Total general revenues					1,930,287
Change in net assets					450,545
Net assets - Beginning of year, as restated					13,018,386
Net assets - End of year					\$ 13,468,931



VAN BUREN COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

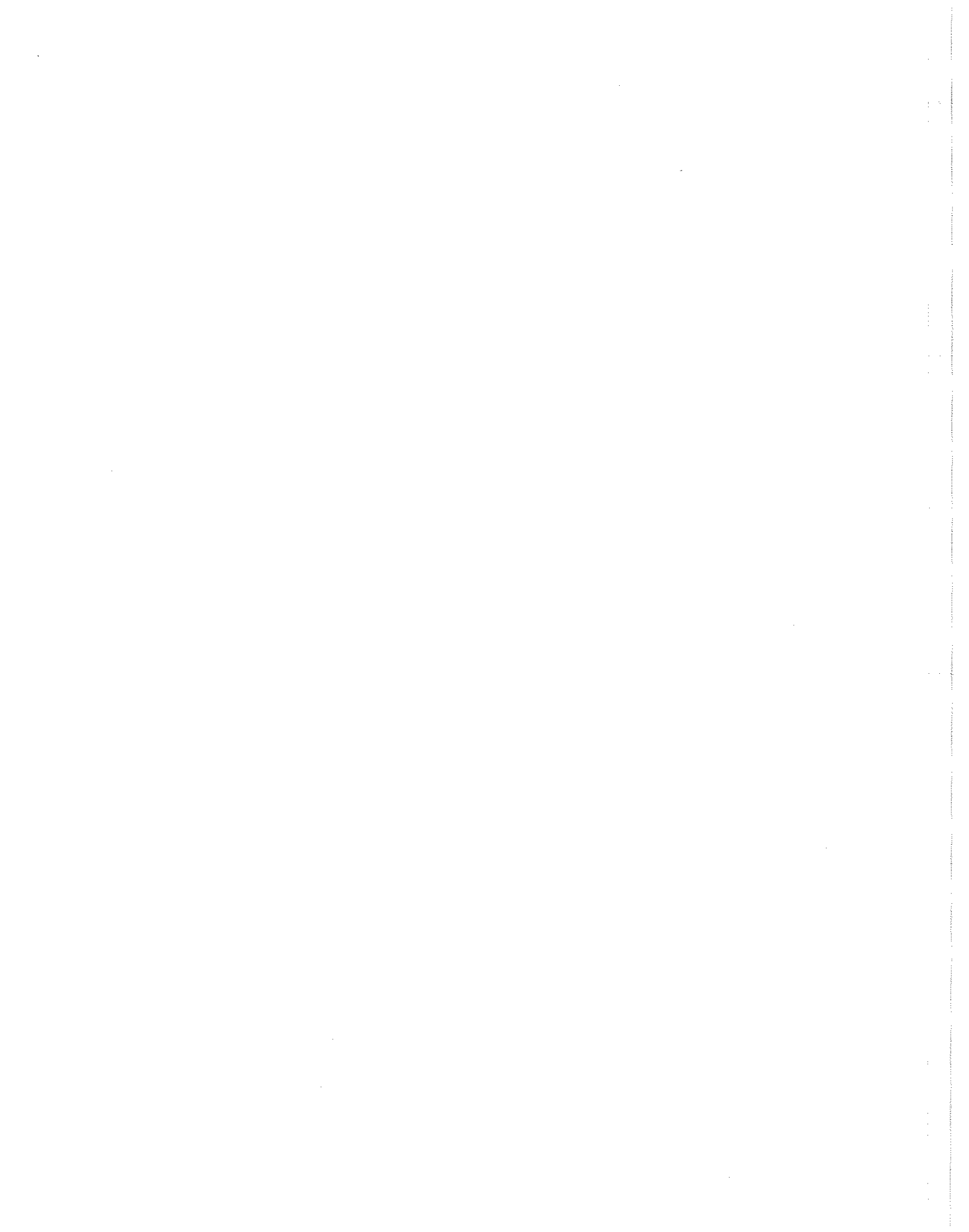
		Special Revenue			Nonmajor	
	General	MH-DD Services	Rural Services	Secondary Roads	Governmental Funds	Total
<u>ASSETS</u>						
Cash and pooled investments	\$ 864,820	\$ 214,435	\$ 122,494	\$ 900,629	\$ 290,825	\$ 2,393,203
Receivables:						
Property tax:						
Delinquent	47,337	1,524	657	-	-	49,518
Succeeding year	1,501,557	231,785	241,721	-	-	1,975,063
Accounts	15,186	841	477	4,232	171	20,907
Accrued Interest	714	-	-	-	43	757
Due from other governments	44,264	-	22,491	252,557	-	319,312
Inventories	-	-	-	736,499	-	736,499
Prepaid expenses	<u>24,493</u>	<u>-</u>	<u>-</u>	<u>2,012</u>	<u>-</u>	<u>26,505</u>
TOTAL ASSETS	\$ <u>2,498,371</u>	\$ <u>448,585</u>	\$ <u>387,840</u>	\$ <u>1,895,929</u>	\$ <u>291,039</u>	\$ <u>5,521,764</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 32,758	\$ 2,446	\$ 2,590	\$ 162,909	\$ -	\$ 200,703
Salaries and benefits payable	16,317	-	625	29,595	462	46,999
Due to other governments	6,521	72,417	-	6,934	331	86,203
Deferred revenue:						
Succeeding year property tax	1,501,557	231,785	241,721	-	-	1,975,063
Other	<u>47,128</u>	<u>1,504</u>	<u>627</u>	<u>-</u>	<u>-</u>	<u>49,259</u>
TOTAL LIABILITIES	<u>1,604,281</u>	<u>308,152</u>	<u>245,563</u>	<u>199,438</u>	<u>793</u>	<u>2,358,227</u>
<u>FUND BALANCES:</u>						
Reserved for:						
Supplemental levy	186,613	-	-	-	-	186,613
Unreserved, reported in:						
General fund	707,477	-	-	-	-	707,477
Special revenue funds	<u>-</u>	<u>140,433</u>	<u>142,277</u>	<u>1,696,491</u>	<u>290,246</u>	<u>2,269,447</u>
Total fund balances	<u>894,090</u>	<u>140,433</u>	<u>142,277</u>	<u>1,696,491</u>	<u>290,246</u>	<u>3,163,537</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,498,371	\$ 448,585	\$ 387,840	\$ 1,895,929	\$ 291,039	\$ 5,521,764



VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total governmental fund balances	\$ 3,163,537
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$14,288,868 and the accumulated depreciation is \$3,637,783	10,651,085
Because some revenues will not be collected for several months after year end they are deferred in the governmental funds	49,259
Long-term liabilities, including estimated liability for landfill post closure costs and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(394,950)</u>
Net assets of governmental activities	\$ <u>13,468,931</u>



VAN BUREN COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>MH-DD Services</u>	<u>Special Revenue Rural Services</u>	<u>Secondary Roads</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>REVENUES:</u>						
Property and other County tax	\$ 1,288,144	\$ 221,198	\$ 496,859	\$ -	\$ -	\$ 2,006,201
Interest and penalty on property tax	27,086	-	-	-	-	27,086
Intergovernmental	595,297	285,208	32,582	2,145,306	6,351	3,064,744
Licenses and permits	25,415	-	-	840	-	26,255
Charges for service	194,905	-	11,978	-	3,710	210,593
Use of money and property	116,448	-	-	-	4,315	120,763
Miscellaneous	70,875	220	3,985	17,123	27,362	119,565
Total revenues	<u>2,318,170</u>	<u>506,626</u>	<u>545,404</u>	<u>2,163,269</u>	<u>41,738</u>	<u>5,575,207</u>
<u>EXPENDITURES:</u>						
Current:						
Public safety and legal services	871,466	-	3,029	-	-	874,495
Physical health and social services	382,600	-	-	-	-	382,600
Mental health	-	556,242	-	-	-	556,242
County environment and education	305,788	-	89,992	-	5,019	400,799
Roads and transportation	-	-	-	2,432,241	-	2,432,241
Governmental services to residents	353,846	-	1,020	-	4,475	359,341
Administration	472,396	-	8,035	-	-	480,431
Capital projects	9,290	-	-	326,197	36,152	371,639
Total expenditures	<u>2,395,386</u>	<u>556,242</u>	<u>102,076</u>	<u>2,758,438</u>	<u>45,646</u>	<u>5,857,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,216)</u>	<u>(49,616)</u>	<u>443,328</u>	<u>(595,169)</u>	<u>(3,908)</u>	<u>(282,581)</u>
Other financial sources (uses):						
Sale of capital assets	6,133	-	-	10,504	-	16,637
Operating transfers in	3,163	-	-	483,901	5,040	492,104
Operating transfers out	<u>(5,040)</u>	<u>-</u>	<u>(483,901)</u>	<u>-</u>	<u>(3,163)</u>	<u>(492,104)</u>
Total other financing sources (uses)	<u>4,256</u>	<u>-</u>	<u>(483,901)</u>	<u>494,405</u>	<u>1,877</u>	<u>16,637</u>
Net change in fund balances	(72,960)	(49,616)	(40,573)	(100,764)	(2,031)	(265,944)
Fund balances - Beginning of year	<u>967,050</u>	<u>190,049</u>	<u>182,850</u>	<u>1,797,255</u>	<u>292,277</u>	<u>3,429,481</u>
Fund balances - End of year	\$ <u>894,090</u>	\$ <u>140,433</u>	\$ <u>142,277</u>	\$ <u>1,696,491</u>	\$ <u>290,246</u>	\$ <u>3,163,537</u>

VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net change in fund balances - Total governmental funds \$ (265,944)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and construction in progress exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 245,687	
Construction in progress	273,581	
Depreciation expense	<u>(508,511)</u>	10,757

Farm to market funds used to construct infrastructure 691,987

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets 15,000

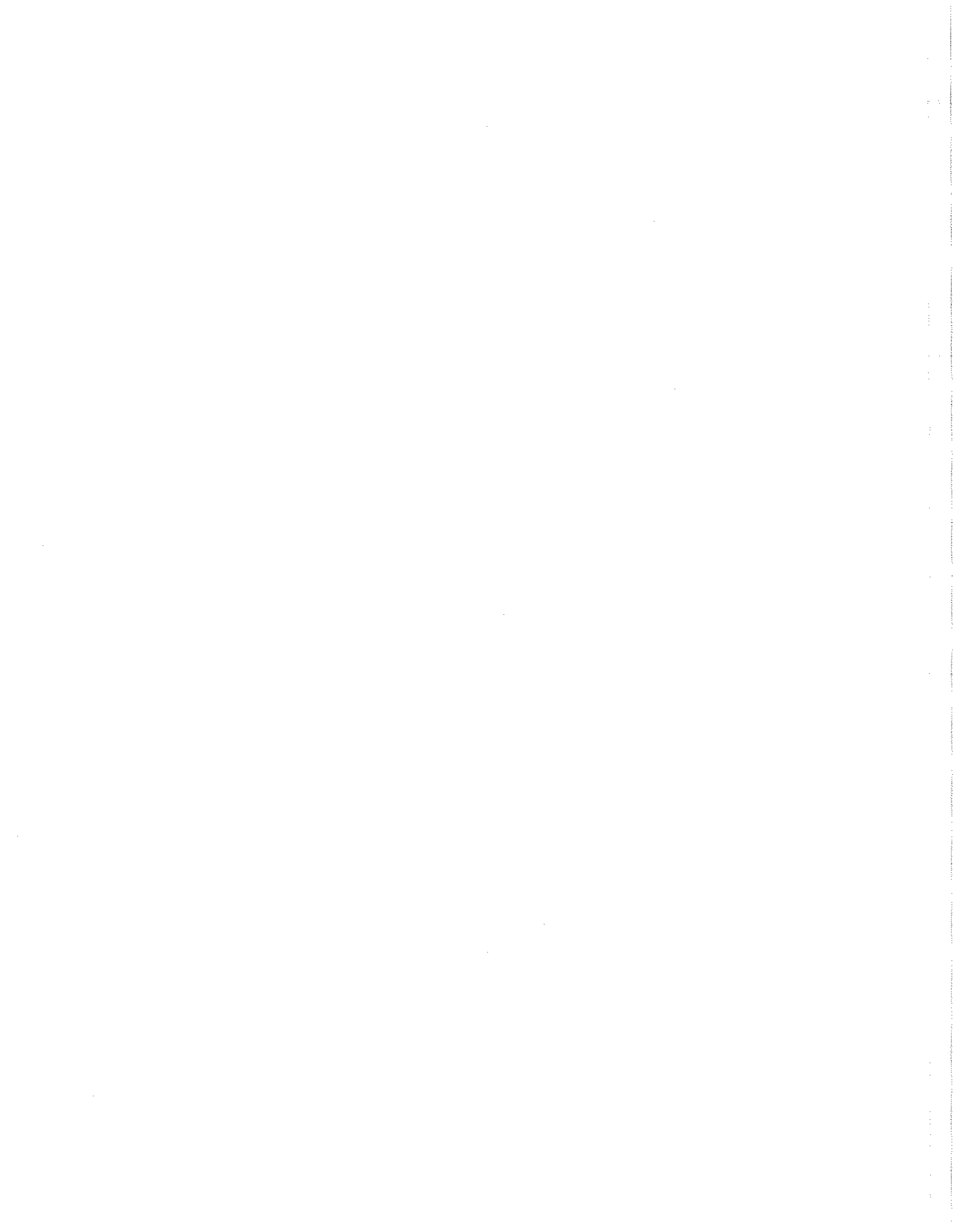
Because some revenues will not be collected for several months after year end they are deferred in the governmental funds 49,259

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences		(33,287)
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In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources (17,227)

Change in net assets of governmental activities \$ 450,545



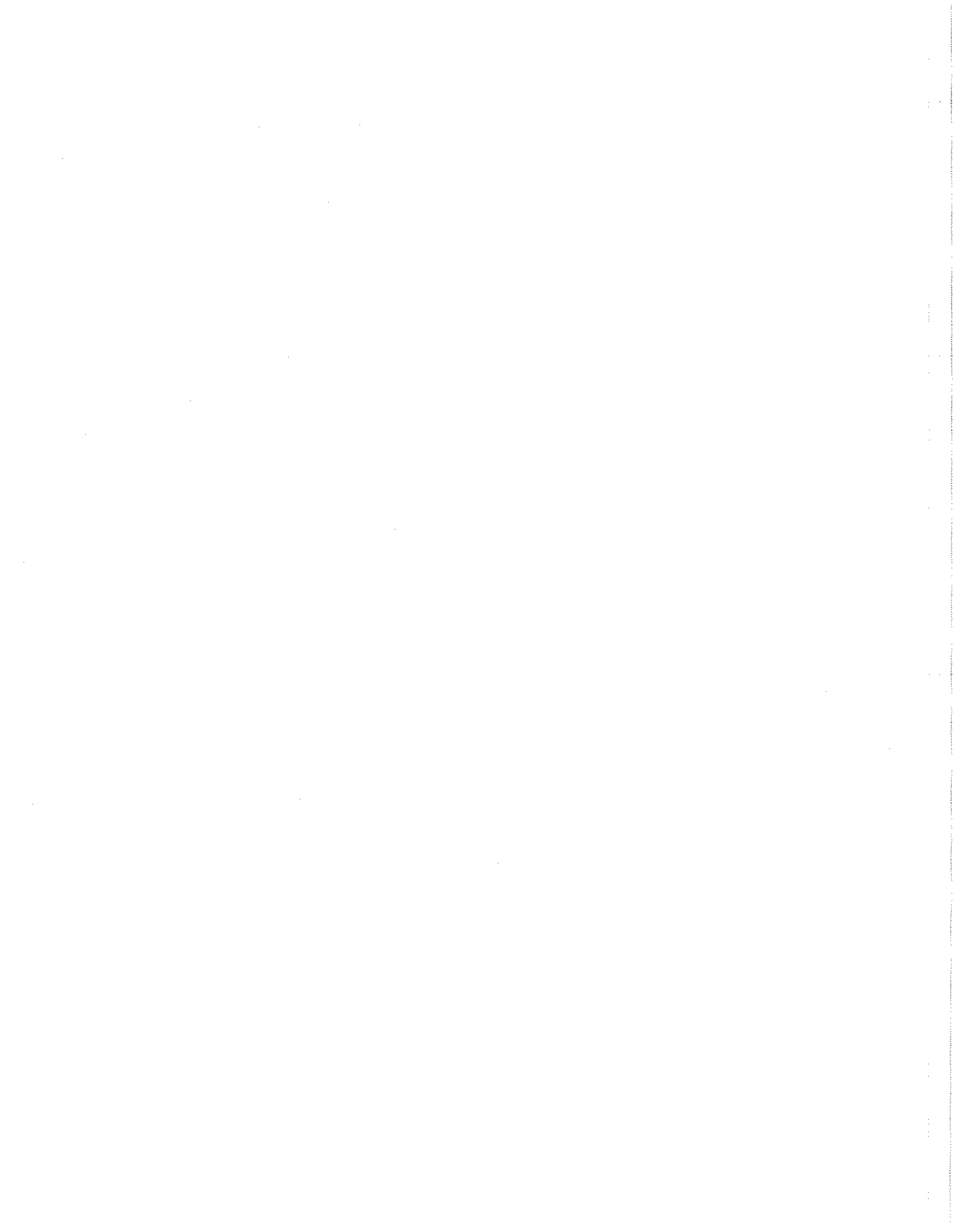
VAN BUREN COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2006ASSETS

Cash and pooled investments:	
County Treasurer	\$ 1,173,428
Other County officials	41,719
Accounts receivable	3,601
Property tax receivable:	
Delinquent	39,459
Succeeding year	4,872,196
Accrued interest	1,170
Due from other governments	4,869
Prepaid expenses	6,024
	<u>TOTAL ASSETS</u>
	6,142,466

LIABILITIES

Accounts payable	103,345
Salaries and benefits payable	454
Due to other governments	6,002,915
Trusts payable	35,752
	<u>TOTAL LIABILITIES</u>
	6,142,466

NET ASSETS \$ -



VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Buren County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Van Buren County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Van Buren County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

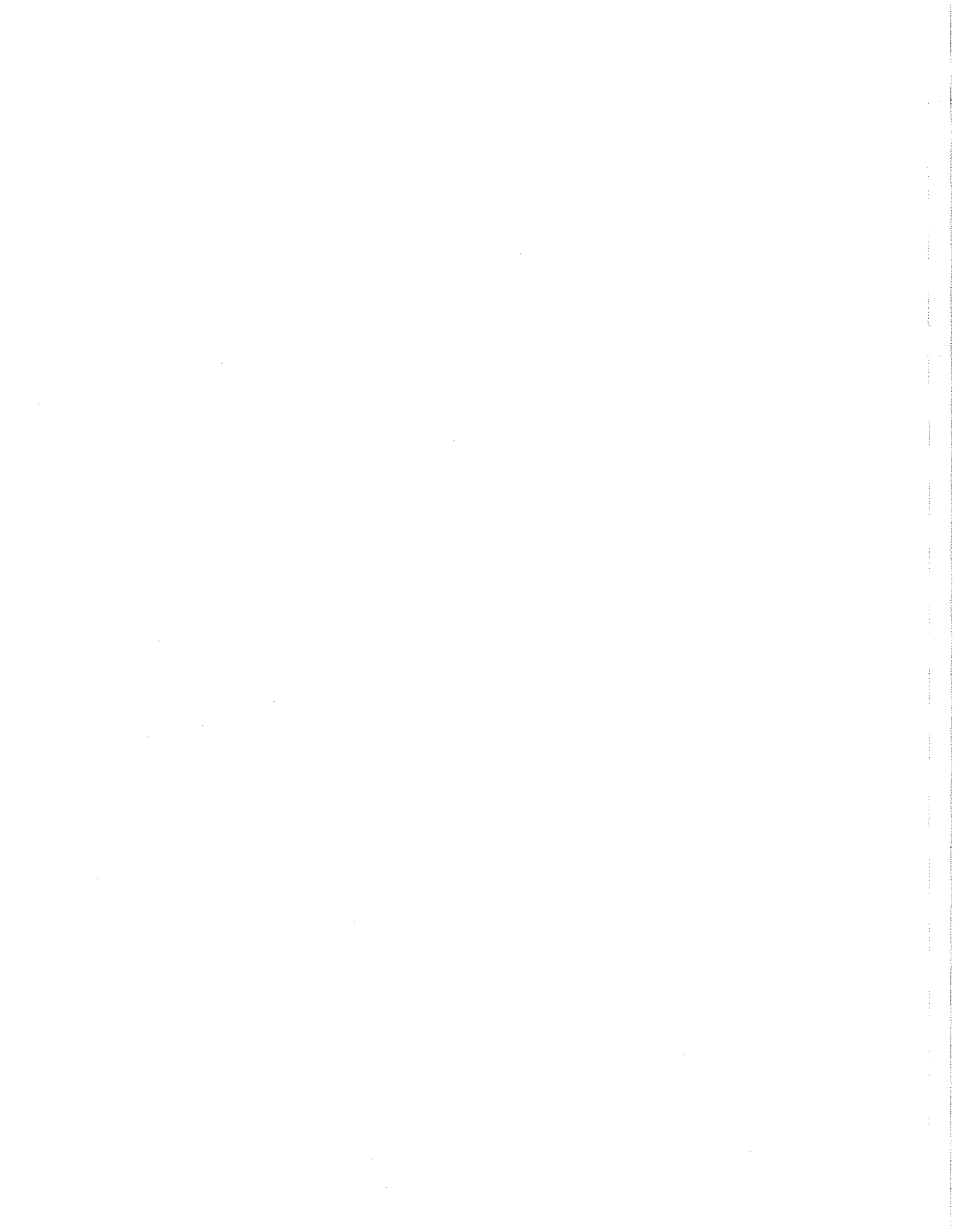
Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information about the drainage district can be obtained from the Van Buren County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Van Buren County Assessor's Conference Board, Van Buren County Joint Disaster Services Commission and Van Buren County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.



VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The MH-DD Services Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Fiduciary Funds:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

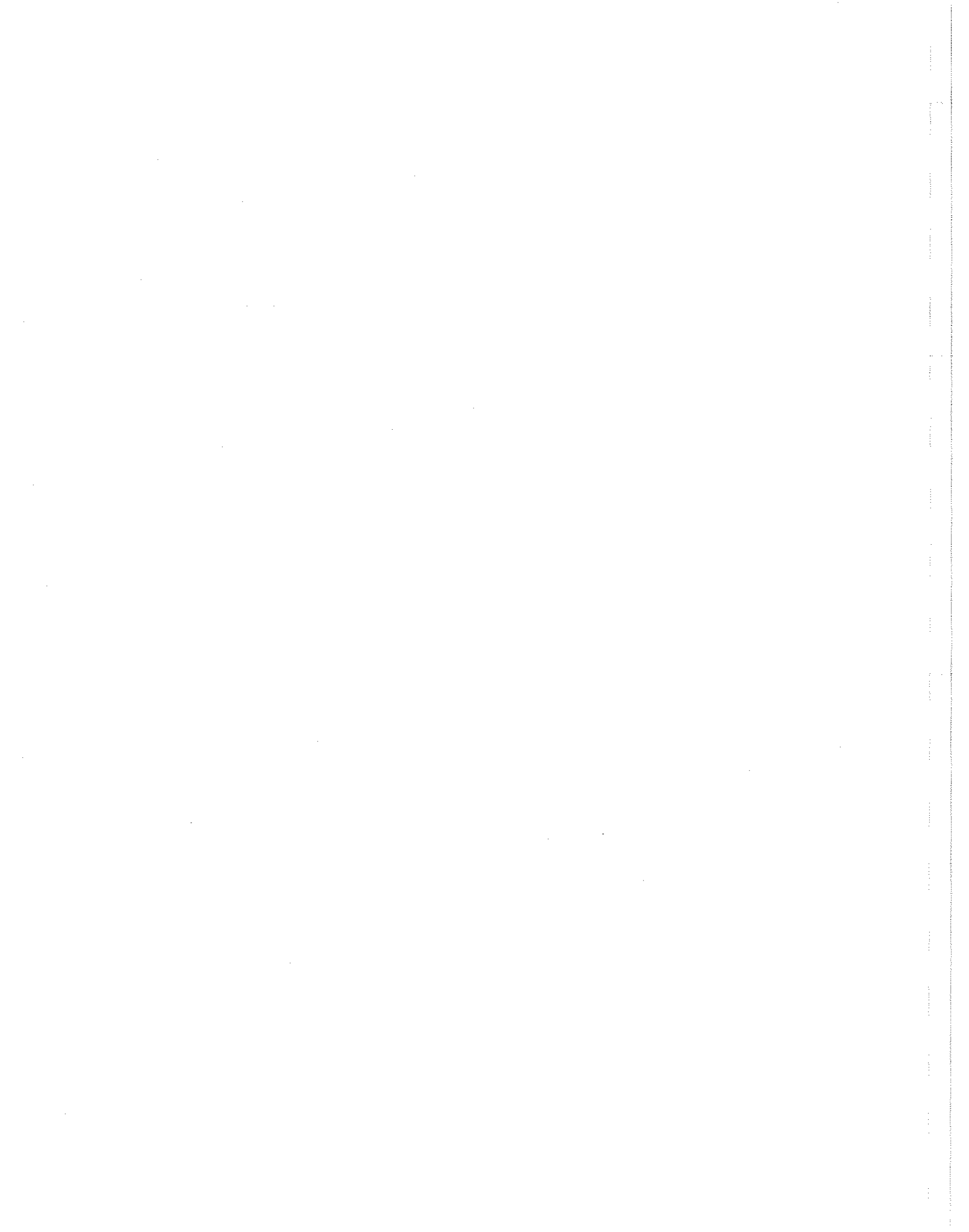
D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the



VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D Assets, Liabilities and Fund Equity (Continued)

subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financing statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and improvements	40-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements did not exceed the amounts budgeted.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

The County's funds are all deposited in financial institution depository accounts.

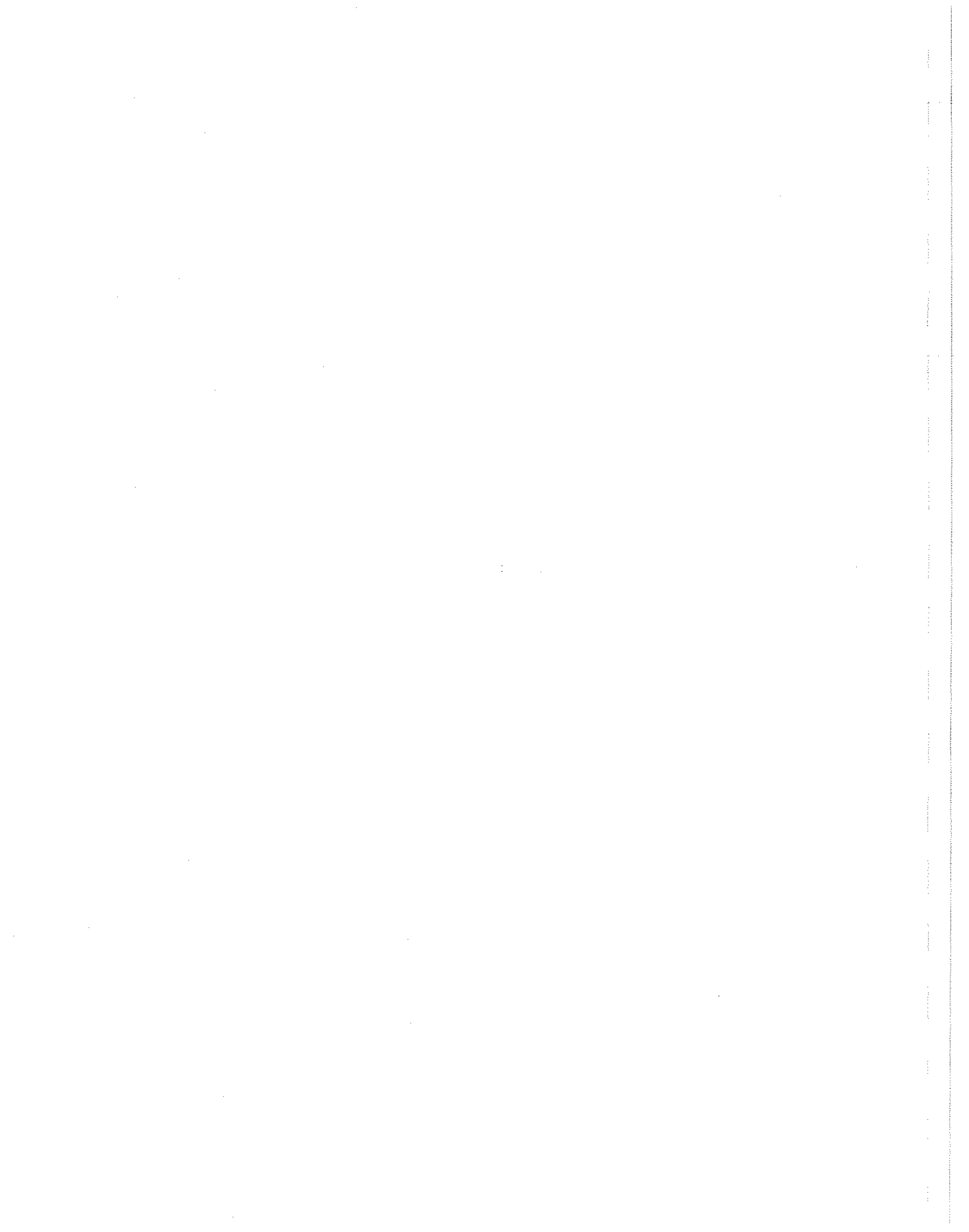
Pooled investments include certificates of deposit.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Maribah Reubel	\$ 3,163
Special Revenue: Secondary Roads	Special Revenue: Rural Services	483,901
Special Revenue: Conservation Land Acquisition	General	<u>5,040</u>
	Total	\$ <u>492,104</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



VAN BUREN COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 was as follows:

	<u>Balance Beginning of Year, as Restated</u>	<u>Increases and Transfers</u>	<u>Decreases and Transfers</u>	<u>Balance End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,179,587	\$ -	\$ -	\$ 1,179,587
Construction in progress	<u>58,429</u>	<u>273,581</u>	<u>58,429</u>	<u>273,581</u>
Total capital assets not being depreciated	<u>1,238,016</u>	<u>273,581</u>	<u>58,429</u>	<u>1,453,168</u>
Capital assets being depreciated:				
Buildings and improvements	2,922,044	-	-	2,922,044
Equipment and vehicles	3,786,398	226,949	46,594	3,966,753
Infrastructure	<u>5,177,749</u>	<u>769,154</u>	<u>-</u>	<u>5,946,903</u>
Total capital assets being depreciated	<u>11,886,191</u>	<u>996,103</u>	<u>46,594</u>	<u>12,835,700</u>
Less accumulated depreciation for:				
Buildings and improvements	1,265,226	82,042	-	1,347,268
Equipment and vehicles	1,687,700	249,183	29,367	1,907,516
Infrastructure	<u>205,713</u>	<u>177,286</u>	<u>-</u>	<u>382,999</u>
Total accumulated depreciation	<u>3,158,639</u>	<u>508,511</u>	<u>29,367</u>	<u>3,637,783</u>
Total capital assets being depreciated, net	<u>8,727,552</u>	<u>487,592</u>	<u>17,227</u>	<u>9,197,917</u>
Governmental activities capital assets, net	\$ <u>9,965,568</u>	\$ <u>761,173</u>	\$ <u>75,656</u>	\$ <u>10,651,085</u>

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 77,710
Physical health and social services	25,149
Mental health	5,313
County environment and education	15,725
Roads and transportation	372,033
Governmental services to residents	7,992
Administration	<u>4,589</u>
Total depreciation expense - Governmental activities	\$ <u>508,511</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DUE TO OTHER GOVERNMENTS

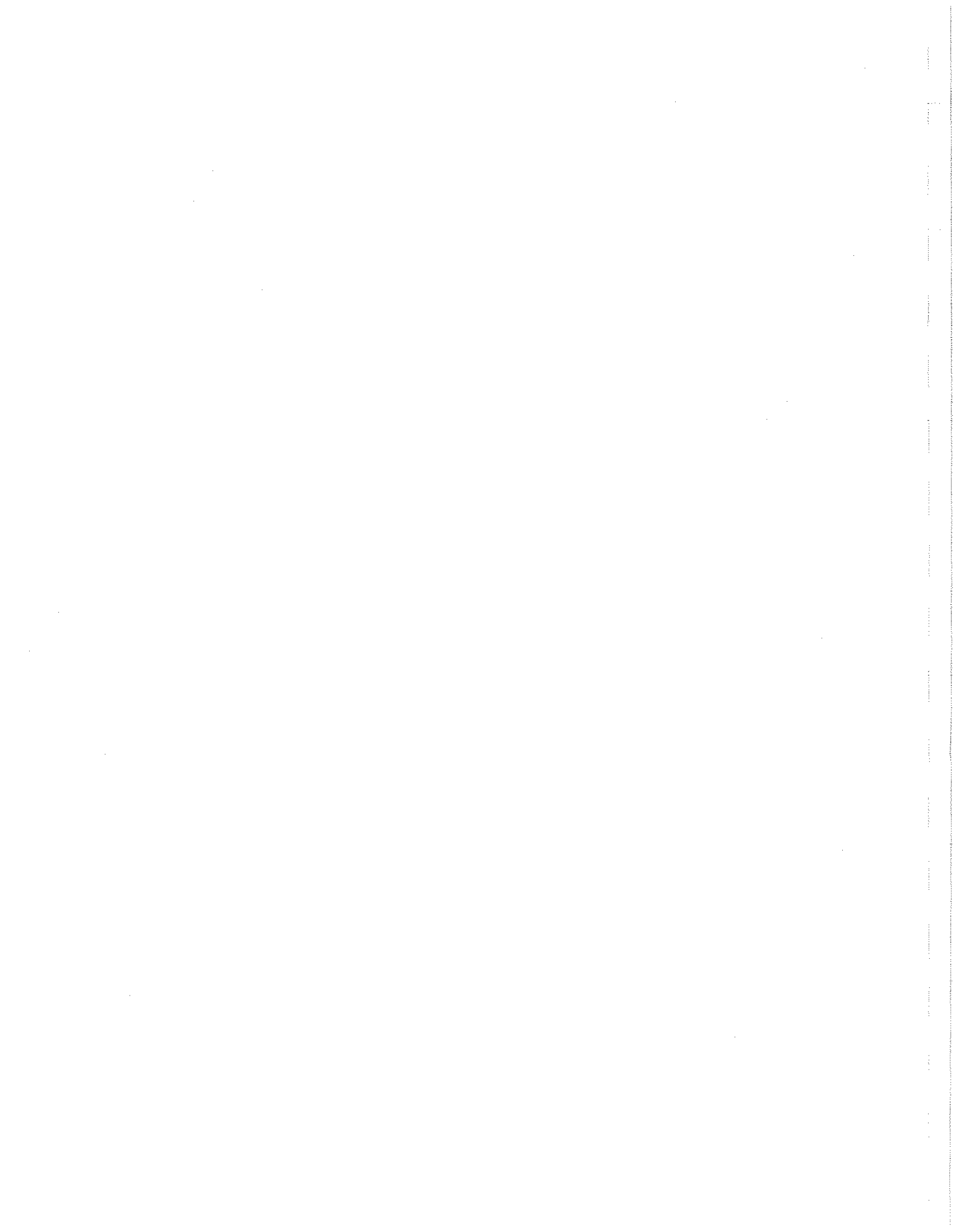
The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Services and Collections and Delinquent Property Taxes</u>	<u>Succeeding Year Property Taxes</u>	<u>Total</u>
General	\$ <u>6,521</u>	\$ <u>-</u>	\$ <u>6,521</u>
Special Revenue:			
MH-DD Services	72,417	-	72,417
Secondary Roads	6,934	-	6,934
Recorder's Funds	331	-	331
	<u>79,682</u>	<u>-</u>	<u>79,682</u>
Trust and Agency:			
Townships	2,475	101,228	103,703
County Assessor	68,110	62,647	130,757
Schools	108,694	3,312,859	3,421,553
Area school	4,750	147,514	152,264
Corporations	23,542	473,584	497,126
Empowerment Board	173,042	-	173,042
TANF Empowerment Board	213,089	-	213,089
County Hospital	19,426	614,435	633,861
County Hospital Ambulance	96,874	52,319	149,193
E-911	135,425	-	135,425
Auto License and Use Tax	126,269	-	126,269
Drainage Districts	134,558	-	134,558
All other	<u>24,465</u>	<u>107,610</u>	<u>132,075</u>
	<u>1,130,719</u>	<u>4,872,196</u>	<u>6,002,915</u>
	\$ <u>1,216,922</u>	\$ <u>4,872,196</u>	\$ <u>6,089,118</u>

NOTE 6: CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	<u>Estimated Liability for Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance - Beginning of year	\$ 285,000	\$ 110,719	\$ 395,719
Increases	-	124,950	124,950
Decreases	<u>(15,000)</u>	<u>(110,719)</u>	<u>(125,719)</u>
Balance - End of year	\$ <u>270,000</u>	\$ <u>124,950</u>	\$ <u>394,950</u>
Due within one year	\$ <u>15,000</u>	\$ <u>124,950</u>	\$ <u>139,950</u>



VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CHANGES IN LONG-TERM LIABILITIES (Continued)

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$270,000 reported as estimated liability for landfill postclosure care costs at June 30, 2006 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2006. The County closed the landfill in 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State regulations require solid waste landfills to demonstrate financial responsibility for the costs of postclosure care. The County established a designated sinking fund for the annual cost of monitoring the closed landfill which is being funded by an annual assessment of \$17,600 to the participating members of the landfill, including the County. Any future excess of monitoring expenditures over the annual assessment will be added to the following year's assessment to the participating members.

NOTE 7: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$130,603, \$119,840 and \$118,722, respectively, equal to the required contributions for each year.

NOTE 8: RISK MANAGEMENT

Van Buren County, Iowa has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool to protect the County against tort liability, injuries to employees and other risks associated with County operations. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost. There have been no reductions in insurance coverage from prior years.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery.

The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool and fund.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: RISK MANAGEMENT (Continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2006 were \$191,874.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2006, which covers exposures of specific losses in excess of \$350,000 per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence with excess of \$1,000,000, including the retention of the pool, for general liability. The policy obtained for the year ended June 30, 2006, covered exposures of \$350,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The risk pool fund records a liability for unpaid claims based on estimates for the costs of individual cases of losses and claims reported to year end, plus a provision for losses incurred but not yet reported. The estimates are based on the experience of similar organizations as determined by Arthur J. Gallagher and Co., the pool's service agent. At June 30, 2006, the risk pool fund reported a surplus of pool assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member County in addition to the premium contributions. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Van Buren County, Iowa commenced July 1, 1987 and ended June 30, 1990.

The County also carries commercial insurance purchased from other insurers for coverage associated with an employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: CONSTRUCTION COMMITMENT

The County has entered into contracts totaling \$785,788 for various secondary roads projects. As of June 30, 2006, \$239,004 had been incurred against these contracts. The balance on the project remaining at June 30, 2006 (\$546,784) will be paid as work on the projects progress.

NOTE 10: COUNTY CARE FACILITY

The County has an agreement with Center Village, Inc. which allows Center Village, Inc. to manage and operate the Van Buren County Care Facility. The County leases the Care Facility site to Center Village, Inc. at no cost. The current agreement will remain in force until June 30, 2007.

NOTE 11: PRIOR PERIOD ADJUSTMENT

During the current year, certain errors resulting in a \$83,999 overstatement of depreciation expense for the year ended June 30, 2005 were discovered. This resulted in the following changes in net assets as of June 30, 2005.

Total net assets, as originally reported	\$ 12,934,387
Adjustments	<u>83,999</u>
Total net assets, as restated	\$ <u>13,018,386</u>

NOTE 12: RECLASSIFICATIONS

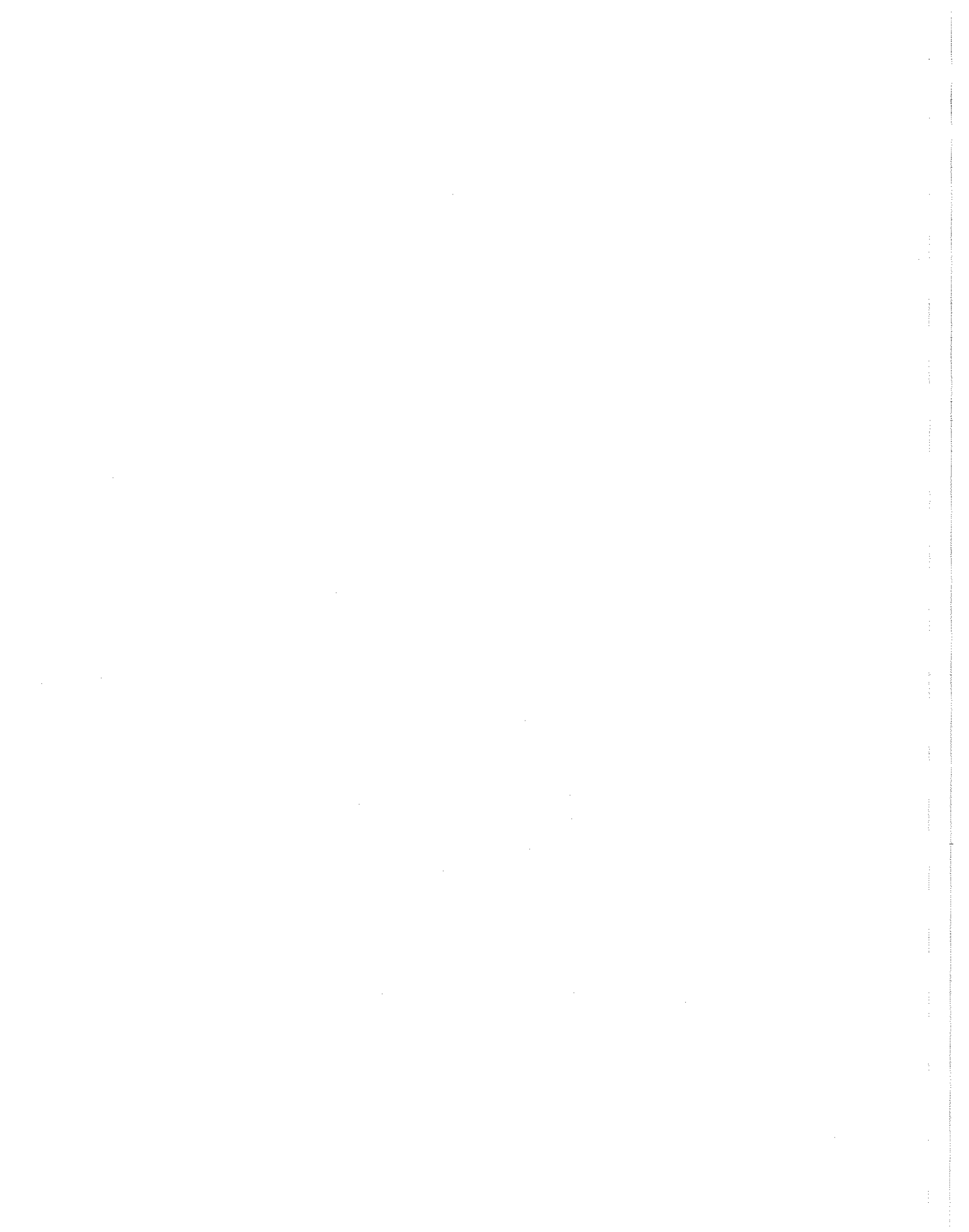
Certain amounts for the year ended June 30, 2005 have been reclassified to conform with the June 30, 2006 presentation.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2006

	Governmental	Budgeted Amounts		Final to
	Fund Types			Actual
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Variance -
				Positive
				(Negative)
<u>RECEIPTS:</u>				
Property and other County tax	\$ 2,000,997	\$ 1,962,697	\$ 1,993,697	\$ 7,300
Interest and penalty on property tax	27,412	32,510	32,510	(5,098)
Intergovernmental	2,971,324	2,995,961	3,331,755	(360,431)
Licenses and permits	14,439	13,250	13,250	1,189
Charges for service	214,327	202,810	202,810	11,517
Use of money and property	124,859	122,210	122,210	2,649
Miscellaneous	118,345	88,060	80,060	38,285
Total receipts	<u>5,471,703</u>	<u>5,417,498</u>	<u>5,776,292</u>	<u>(304,589)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	868,619	879,059	894,059	25,440
Physical health and social services	384,052	359,408	409,408	25,356
Mental health	556,499	631,996	631,996	75,497
County environment and education	394,806	356,673	548,823	154,017
Roads and transportation	2,131,798	2,615,000	2,615,000	483,202
Governmental services to residents	353,559	315,179	370,179	16,620
Administration	476,258	486,579	503,579	27,321
Non-program	9,134	3,500	12,000	2,866
Capital projects	236,347	367,723	399,723	163,376
Total disbursements	<u>5,411,072</u>	<u>6,015,117</u>	<u>6,384,767</u>	<u>973,695</u>
Excess (deficiency) of receipts over (under) disbursements	60,631	(597,619)	(608,475)	669,106
Other financing sources, net	<u>16,636</u>	<u>6,800</u>	<u>6,800</u>	<u>9,836</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	77,267	(590,819)	(601,675)	678,942
<u>BALANCE</u> - Beginning of year	<u>2,315,605</u>	<u>2,015,059</u>	<u>2,315,605</u>	<u>-</u>
<u>BALANCE</u> - End of year	\$ <u>2,392,872</u>	\$ <u>1,424,240</u>	\$ <u>1,713,930</u>	\$ <u>678,942</u>



VAN BUREN COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2006

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 5,471,703	\$ 103,504	\$ 5,575,207
Expenditures	<u>5,411,072</u>	<u>(446,716)</u>	<u>5,857,788</u>
Net	60,631	(343,212)	(282,581)
Other financing sources, net	16,636	1	16,637
Beginning fund balances	<u>2,315,605</u>	<u>1,113,876</u>	<u>3,429,481</u>
Ending fund balances	\$ <u>2,392,872</u>	\$ <u>770,665</u>	\$ <u>3,163,537</u>



VAN BUREN COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. The 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregate function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$369,650. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>	<u>Solid Waste Closure</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 11,671	\$ 15,113	\$ 10,789	\$ 72,013	\$ 5,000
Receivables:					
Accounts	121	-	-	-	-
Accrued interest	-	17	11	-	-
	<u>-</u>	<u>17</u>	<u>11</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>11,792</u>	\$ <u>15,130</u>	\$ <u>10,800</u>	\$ <u>72,013</u>	\$ <u>5,000</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Salaries and benefits payable	\$ -	\$ 462	\$ -	\$ -	\$ -
Due to other governments	-	-	331	-	-
	<u>-</u>	<u>-</u>	<u>331</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>462</u>	<u>331</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>					
Unreserved, reported in:					
Special revenue funds	11,792	14,668	10,469	72,013	5,000
Total fund balances	<u>11,792</u>	<u>14,668</u>	<u>10,469</u>	<u>72,013</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>11,792</u>	\$ <u>15,130</u>	\$ <u>10,800</u>	\$ <u>72,013</u>	\$ <u>5,000</u>

Schedule 1

<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ 156,261	\$ 10,906	\$ 9,072	\$ 290,825
-	-	50	171
-	-	15	43
<u>\$ 156,261</u>	<u>\$ 10,906</u>	<u>\$ 9,137</u>	<u>\$ 291,039</u>
\$ -	\$ -	\$ -	\$ 462
-	-	-	331
-	-	-	793
<u>156,261</u>	<u>10,906</u>	<u>9,137</u>	<u>290,246</u>
<u>156,261</u>	<u>10,906</u>	<u>9,137</u>	<u>290,246</u>
<u>\$ 156,261</u>	<u>\$ 10,906</u>	<u>\$ 9,137</u>	<u>\$ 291,039</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>	<u>Solid Waste Closure</u>
<u>REVENUES:</u>					
Intergovernmental	\$ 1,323	\$ 4,263	\$ -	\$ 765	\$ -
Charges for service	-	-	3,710	-	-
Use of money and property	-	185	124	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,323</u>	<u>4,448</u>	<u>3,834</u>	<u>765</u>	<u>-</u>
<u>EXPENDITURES:</u>					
Operating:					
County environment and education	-	5,019	-	-	-
Governmental services to residents	-	-	4,475	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>5,019</u>	<u>4,475</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,323	(571)	(641)	765	-
Other financing sources (uses):					
Operating transfer in	-	-	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,323	(571)	(641)	765	-
Fund balances - Beginning of year	<u>10,469</u>	<u>15,239</u>	<u>11,110</u>	<u>71,248</u>	<u>5,000</u>
Fund balances - End of year	\$ <u>11,792</u>	\$ <u>14,668</u>	\$ <u>10,469</u>	\$ <u>72,013</u>	\$ <u>5,000</u>

Schedule 2

<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 6,351
-	-	-	3,710
3,540	235	231	4,315
105	-	27,257	27,362
<u>3,645</u>	<u>235</u>	<u>27,488</u>	<u>41,738</u>
-	-	-	5,019
-	-	-	4,475
-	-	36,152	36,152
-	-	36,152	45,646
3,645	235	(8,664)	(3,908)
-	-	5,040	5,040
(3,163)	-	-	(3,163)
482	235	(3,624)	(2,031)
<u>155,779</u>	<u>10,671</u>	<u>12,761</u>	<u>292,277</u>
\$ <u>156,261</u>	\$ <u>10,906</u>	\$ <u>9,137</u>	\$ <u>290,246</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2006

	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ -
Other County officials	5,967	25,442	10,310
Receivables:			
Accounts receivable	-	-	-
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 \$ <u>5,967</u>	 \$ <u>25,442</u>	 \$ <u>10,310</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other governments	5,967	-	-
Trusts payable	<u>-</u>	<u>25,442</u>	<u>10,310</u>
 TOTAL LIABILITIES	 \$ <u>5,967</u>	 \$ <u>25,442</u>	 \$ <u>10,310</u>

Schedule 3

<u>E-911</u>	<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>Empowerment Board</u>	<u>TANF Empowerment Board</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>
\$ 127,217	\$ 1,197	\$ 134,518	\$ 233,675	\$ 253,155	\$ 15,400	\$ 5,485
-	-	-	-	-	-	-
3,528	-	-	-	20	-	-
-	-	-	-	-	4,026	5
-	-	-	-	-	614,435	775
204	-	40	448	478	-	-
4,869	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 135,818</u>	<u>\$ 1,197</u>	<u>\$ 134,558</u>	<u>\$ 234,123</u>	<u>\$ 253,653</u>	<u>\$ 633,861</u>	<u>\$ 6,265</u>
\$ 393	\$ -	\$ -	\$ 61,081	\$ 40,564	\$ -	\$ -
-	454	-	-	-	-	-
135,425	743	134,558	173,042	213,089	633,861	6,265
-	-	-	-	-	-	-
<u>\$ 135,818</u>	<u>\$ 1,197</u>	<u>\$ 134,558</u>	<u>\$ 234,123</u>	<u>\$ 253,653</u>	<u>\$ 633,861</u>	<u>\$ 6,265</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2006

	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>
<u>ASSETS</u>					
Cash and pooled investments:					
County Treasurer	\$ 2,274	\$ 12,838	\$ 86,597	\$ 3,765	\$ 62,924
Other County officials	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	53
Property tax:					
Delinquent	201	10,704	22,097	985	416
Succeeding year	101,228	473,584	3,312,859	147,514	62,647
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	6,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>103,703</u>	\$ <u>497,126</u>	\$ <u>3,421,553</u>	\$ <u>152,264</u>	\$ <u>132,064</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,307
Salaries and benefits payable	-	-	-	-	-
Due to other governments	103,703	497,126	3,421,553	152,264	130,757
Trusts payable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>103,703</u>	\$ <u>497,126</u>	\$ <u>3,421,553</u>	\$ <u>152,264</u>	\$ <u>132,064</u>

Schedule 3 - (Continued)

<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>	<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ 1,046	\$ -	\$ 96,517	\$ 126,269	\$ 2,997	\$ 7,551	\$ 3	\$ 1,173,428
-	-	-	-	-	-	-	41,719
-	-	-	-	-	-	-	3,601
274	394	357	-	-	-	-	39,459
41,177	65,658	52,319	-	-	-	-	4,872,196
-	-	-	-	-	-	-	1,170
-	-	-	-	-	-	-	4,869
-	-	-	-	-	-	-	6,024
<u>\$ 42,497</u>	<u>\$ 66,052</u>	<u>\$ 149,193</u>	<u>\$ 126,269</u>	<u>\$ 2,997</u>	<u>\$ 7,551</u>	<u>\$ 3</u>	<u>\$ 6,142,466</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,345
-	-	-	-	-	-	-	454
42,497	66,052	149,193	126,269	2,997	7,551	3	6,002,915
-	-	-	-	-	-	-	35,752
<u>\$ 42,497</u>	<u>\$ 66,052</u>	<u>\$ 149,193</u>	<u>\$ 126,269</u>	<u>\$ 2,997</u>	<u>\$ 7,551</u>	<u>\$ 3</u>	<u>\$ 6,142,466</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2006

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>			<u>E-911</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>	
Balances beginning of year	\$ <u>5,429</u>	\$ <u>5,956</u>	\$ <u>9,331</u>	\$ <u>146,319</u>
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
E911 surcharge	-	-	-	57,056
E911 payments	-	-	-	9,832
School ready children	-	-	-	-
Child care and development	-	-	-	-
Office fees and collections	51,742	3,143	75,025	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	2,357
Trusts	-	142,295	-	-
Miscellaneous	-	-	-	-
Total additions	<u>51,742</u>	<u>145,438</u>	<u>75,025</u>	<u>69,245</u>
Deductions:				
Agency remittances:				
To other funds	51,204	1,299	21,799	-
To other governments	-	1,645	-	79,746
Trusts paid out	-	123,008	52,247	-
Total deductions	<u>51,204</u>	<u>125,952</u>	<u>74,046</u>	<u>79,746</u>
Balances end of year	\$ <u>5,967</u>	\$ <u>25,442</u>	\$ <u>10,310</u>	\$ <u>135,818</u>

Schedule 4

<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>Empowerment Board</u>	<u>TANF Empowerment Board</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>
\$ <u>236</u>	\$ <u>129,072</u>	\$ <u>255,756</u>	\$ <u>358,577</u>	\$ <u>631,932</u>	\$ <u>8,484</u>
-	-	-	-	586,341	6,007
-	-	-	-	48,139	63
10,117	-	-	-	-	-
-	-	-	-	-	-
-	-	460,024	-	-	-
-	-	-	112,792	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,645	-	-	-	-
-	3,214	5,720	6,310	-	-
-	-	-	-	-	-
-	-	1,445	37,622	-	-
<u>10,117</u>	<u>5,859</u>	<u>467,189</u>	<u>156,724</u>	<u>634,480</u>	<u>6,070</u>
-	-	37,622	-	-	-
9,156	373	451,200	261,648	632,551	8,289
-	-	-	-	-	-
<u>9,156</u>	<u>373</u>	<u>488,822</u>	<u>261,648</u>	<u>632,551</u>	<u>8,289</u>
\$ <u>1,197</u>	\$ <u>134,558</u>	\$ <u>234,123</u>	\$ <u>253,653</u>	\$ <u>633,861</u>	\$ <u>6,265</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2006

<u>ASSETS AND LIABILITIES</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>
Balances beginning of year	\$ <u>94,303</u>	\$ <u>466,386</u>	\$ <u>3,556,459</u>	\$ <u>154,599</u>	\$ <u>141,390</u>
Additions:					
Property and other County tax	97,543	445,634	3,155,554	140,626	59,603
State tax credits	6,646	45,135	270,723	11,772	4,979
E911 surcharge	-	-	-	-	-
E911 payments	-	-	-	-	-
School ready children	-	-	-	-	-
Child care and development	-	-	-	-	-
Office fees and collections	-	-	-	-	3,804
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Interest income	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	61,858
Total additions	<u>104,189</u>	<u>490,769</u>	<u>3,426,277</u>	<u>152,398</u>	<u>130,244</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	94,789	460,029	3,561,183	154,733	139,570
Trusts paid out	-	-	-	-	-
Total deductions	<u>94,789</u>	<u>460,029</u>	<u>3,561,183</u>	<u>154,733</u>	<u>139,570</u>
Balances end of year	\$ <u>103,703</u>	\$ <u>497,126</u>	\$ <u>3,421,553</u>	\$ <u>152,264</u>	\$ <u>132,064</u>

Schedule 4 - (Continued)

<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>	<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ <u>42,865</u>	\$ <u>60,300</u>	\$ <u>123,715</u>	\$ <u>131,460</u>	\$ <u>4,044</u>	\$ <u>16,294</u>	\$ <u>2</u>	\$ <u>6,342,909</u>
39,285	62,903	49,826	-	-	-	-	4,643,322
3,270	4,706	4,273	-	-	-	-	399,706
-	-	-	-	-	-	-	67,173
-	-	-	-	-	-	-	9,832
-	-	-	-	-	-	-	460,024
-	-	-	-	-	-	-	112,792
-	-	-	-	-	-	-	133,714
-	-	-	1,588,125	-	-	-	1,588,125
-	-	-	-	9,980	-	-	12,625
-	-	-	-	-	-	-	17,601
-	-	-	-	-	137,302	-	279,597
-	-	-	-	-	-	67	100,992
<u>42,555</u>	<u>67,609</u>	<u>54,099</u>	<u>1,588,125</u>	<u>9,980</u>	<u>137,302</u>	<u>67</u>	<u>7,825,503</u>
-	-	-	61,102	-	-	3	173,029
42,923	-	28,621	1,532,214	11,027	-	63	7,469,760
-	61,857	-	-	-	146,045	-	383,157
<u>42,923</u>	<u>61,857</u>	<u>28,621</u>	<u>1,593,316</u>	<u>11,027</u>	<u>146,045</u>	<u>66</u>	<u>8,025,946</u>
\$ <u>42,497</u>	\$ <u>66,052</u>	\$ <u>149,193</u>	\$ <u>126,269</u>	\$ <u>2,997</u>	\$ <u>7,551</u>	\$ <u>3</u>	\$ <u>6,142,466</u>

VAN BUREN COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 2,006,201	\$ 2,045,314	\$ 1,913,671	\$ 1,626,591
Interest and penalty on property tax	27,086	30,226	32,361	32,485
Intergovernmental	3,064,744	2,991,029	3,001,220	3,222,742
Licenses and permits	26,255	32,170	32,994	13,616
Charges for service	210,593	215,606	222,555	180,490
Use of money and property	120,763	122,058	131,740	138,998
Miscellaneous	<u>119,565</u>	<u>109,544</u>	<u>164,268</u>	<u>170,438</u>
Total	\$ <u>5,575,207</u>	\$ <u>5,545,947</u>	\$ <u>5,498,809</u>	\$ <u>5,385,360</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	\$ 874,495	\$ 853,684	\$ 777,658	776,408
Physical health and social services	382,600	348,215	367,353	337,499
Mental health	556,242	542,826	499,463	511,616
County environment and education	400,799	298,893	390,250	278,938
Roads and transportation	2,432,241	1,890,310	2,707,436	2,398,585
Governmental services to residents	359,341	283,145	243,480	238,593
Administration	480,431	490,847	541,339	485,241
Non-program	-	2,376	1,617	15,762
Capital projects	<u>371,639</u>	<u>11,095</u>	<u>664,534</u>	<u>734,544</u>
Total	\$ <u>5,857,788</u>	\$ <u>4,721,391</u>	\$ <u>6,193,130</u>	<u>5,777,186</u>



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"Achieving your goals with our knowledge"

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Van Buren County, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-06 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.



Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren County, Iowa and other parties to whom the County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Buren County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
September 28, 2006



VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2006

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

- II-A-06 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that several County employees are involved with cash collections and computer data entry.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County should review its internal control procedures to obtain the maximum internal control possible under the circumstances.

Response – The internal policies will be reviewed on a regular basis.

Conclusion – Response accepted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- III-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.
- III-B-06 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-D-06 Business Transactions – No business transactions between the County and County officials or employees were noted.
- III-E-06 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.
- III-F-06 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- III-G-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.



VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2006

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

III-H-06 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-I-06 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B

Disbursements during the year ended June 30, 2006 for the County Extension Office did not exceed the amount budgeted.

